

March 25, 2011

Re: Aetna Life Insurance Co.

Aetna Tracking Numbers: CA-2010-11, CA-2010-12

State Tracking Numbers: PF-2010-02367, PF-2010-02396

Responses to the questions provided on March 21, 2011 are discussed below. We expect to provide additional responses or estimates for timing on all remaining questions by April 5th.

- 1. Scope of Documents.** We have received one each of the following: the California Rate Filing Form, the California Plain-Language Rate Filing Description, and the Rate Filing Certification from Milliman.
 - a. Confirm that the Rate Filing Certification is intended to apply to both filings, PF-2010-02367 and PF-2010-02396.
We confirm that the certification applies to both filings.
 - b. Submit a separate Rate Filing Description for each filing, as they cover different membership populations and differ in open / close status.
Separate Rate Filing Description forms are provided as requested.
- 2. Mapping of Products to Policy Forms.** Please provide a single mapping of all product names appearing in the combined actuarial memoranda to the policy forms that are subject to rate increase. Identify whether products are grandfathered or non-grandfathered. Provide policyholder and membership count for the products as of 12/31/2010, or the latest date for which the data is available. The table should contain an open/closed/NA column for each version to clarify whether and how that version is being offered for a particular product.
Please see the “02-Product Map” tab in the accompanying file “Exhibits for 03-21 CDI Questions.xls”
- 3. Rate Increases More Frequent than Annual.** The Certification states that:
-- “Rates are guaranteed for 12 months following the effective date for new business.”
-- “Rates for renewals are generally revised only upon policy anniversary”
Confirm that these statements always apply to Aetna’s individual plans.
The first statement applies to all of Aetna’s individual voluntary plans in California. The second statement applies to all of Aetna’s individual voluntary plans in California that were issued July 1, 2009 and later. The primary exception to this statement would be to address changes required under state law or regulation that must be effective prior to the next anniversary date.
- 4. Rate Increase History.** In a single table, provide for each product the amounts and dates of past rate increases implemented since the product was first marketed, and whether the product is now open or closed. Note any change in benefits.
Please see the “04-Rate History” tab in the accompanying file “Exhibits for 03-21 CDI Questions.xls”

- 5. Intent to File for Future Rate Increases.** When does the company intend to file for its next round of rate increases?

The next round of rate increases were filed on March 18, 2011 and are intended to become effective beginning July 1, 2011. This filing has been assigned state tracking number PF-2011-00542.

Please note that plans issued beginning July 1, 2009 will receive their next rate change on the policy anniversary date. As a result, members with policies issued in April 2009 or April 2010 who receive a rate change in April 2011 will not be impacted by filing PF-2011-00542 (or its successors) until April 2012.

- 6. Version Numbers.** Explain the rationale for changes in version number. Do they always indicate a change in benefit?

Version numbers are used to denote changes in benefits and/or applicable rates. In most cases there are benefit differences between versions of a plan. Examples include pharmacy copays and the number of office visits initially covered at a copy for the Value plans. Regarding these filings – the two versions have different benefits but also use different age and area factors.

We are also providing an exhibit included with our 7/1/11 rate filing that summarizes the major benefits for each plan design / version.

- 7. Filed Rate Changes.** For each product, provide the average, minimum and maximum rate changes proposed:

- a. For the current filings

All rate changes in the current filing are 2.8% (average, minimum, and maximum).

- b. For all filings cumulatively during the twelve-month period ending with the next renewal date, according to the policies' anniversary dates.

Please see the "07b-Rate Changes" tab in the accompanying file "Exhibits for 03-21 CDI Questions.xls" The aggregate impact of area factor and demographic factor changes are determined for all plans. The impact of area factor changes is taken from the rate filings initially proposed for 7/1/10 and the demographic factor changes are the result of conversion of rates to a gender-neutral basis in the rate filing effective 1/1/11.

- 8. Rate Caps.** Describe the action of rate caps, if any.

No rate caps currently apply to this business.

- 9. Response will be provided at a later date.**

- 10. Response will be provided at a later date.**

- 11. Selection Adjustments for Rate Changes** (from the Certification): Provide an exhibit in Excel showing how these adjustments were derived.

Adjustments are set to 10% of the average premium change for the corresponding projection period.

The assumption is derived from the following:

Assume 80% of the block of business is healthy and 20% is sick. Claims for sick members are three times as high as claims for healthy members (so healthy members have claims approximately 71% of the average PMPM). Assume a rate increase (typically between 10% and 20%) leads an incremental 5-7% of healthy members to lapse. We find that claims are expected to increase 1% to 2% or approximately 10% of the rate change.

12. Response will be provided at a later date.

13. Annual Rate (from the California Rate Filing Form): To the two columns now in the exhibit (CARFF Item #10), add a third titled "Change in Annual Premium Rate"
Updated exhibits have been provided.

14. Rate increases for average member over 48 months, by entry date. See attached template. Fill out assuming 4/1/11 implementation of the rate filing increases.
The template has been completed to reflect rate changes applicable to the plans contained in these filings.

15. Enrollment summary. Provide total monthly member enrollment of all Individual policies from 1/2006 forward by closed block and open block. Show separately enrollment for policies exempt from PPACA requirements and policies under the supervision of DMHC. Show historical sales and lapses.
Please see the "15-Enrollment Summary" tab in the accompanying file "Exhibits for 03-21 CDI Questions.xls" Note that Aetna does not have any Individual policies under the supervision of the DMHC.

16. Response will be provided at a later date.

17. Response will be provided at a later date.

18. Response will be provided at a later date.

19. Response will be provided at a later date.

20. Response will be provided at a later date.

21. Co-pays. Indicate whether office co-pays are included in the out-of-pocket maximum.
Office co-pays do not count towards the out-of-pocket maximum.

22. Response will be provided at a later date.

23. Response will be provided at a later date.

24. Response will be provided at a later date.

25. Response will be provided at a later date.

26. Response will be provided at a later date.